

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE NORTHERN DISTRICT OF CALIFORNIA

3 U.S. ETHERNET INNOVATIONS, LLC,

4 No. C 10-3724 CW

5 Plaintiff,

6 v.

7 ACER, INC.; ACER AMERICA
8 CORPORATION; APPLE, INC.; ASUS
9 COMPUTER INTERNATIONAL; ASUSTEK
10 COMPUTER, INC.; DELL, INC.;
11 FUJITSU, LTD.; FUJITSU AMERICA,
12 INC.; GATEWAY, INC.; HEWLETT
13 PACKARD CO.; SONY CORPORATION;
14 SONY CORPORATION OF AMERICA; SONY
15 ELECTRONICS INC.; TOSHIBA
16 CORPORATION; TOSHIBA AMERICA,
17 INC.; and TOSHIBA AMERICA
18 INFORMATION SYSTEMS, INC.,

Defendants,

14 INTEL CORPORATION; NVIDIA
15 CORPORATION; MARVELL
16 SEMICONDUCTOR, INC.; AHEROS
COMMUNICATIONS, INC.; and
BROADCOM CORPORATION,

17 Intervenors.

18 _____/

1 U.S. ETHERNET INNOVATIONS, LLC,
2 Plaintiff,
3 v.
4 AT&T MOBILITY LLC; BARNES &
5 NOBLE, INC.; CLAIRE'S BOUTIQUES,
6 INC.; J. C. PENNEY COMPANY, INC.;
7 SALLY BEAUTY HOLDINGS, INC.; ANN
8 TAYLOR STORES CORPORATION; ANN
9 TAYLOR RETAIL, INC.; HARLEY-
10 DAVIDSON, INC.; HARLEY-DAVIDSON
11 MOTOR COMPANY, INC.; KIRKLAND'S
12 INC.; KIRKLAND'S STORES, INC.;
13 MACY'S, INC.; MACY'S RETAIL
14 HOLDINGS, INC.; MACY'S WEST
15 STORES, INC.; NEW YORK & COMPANY,
16 INC.; LERNER NEW YORK, INC.;
17 RADIOSHACK CORPORATION; RENT-A-
18 CENTER, INC.; and THE DRESS BARN,
19 INC..

20 Defendants.

21
22
23
24
25
26
27
28

AND ALL RELATED CLAIMS AND
COUNTERCLAIMS

Defendant Apple, Inc., Proposed Intervenor Sigma Designs
Inc., Intervenor Broadcom Corporation and Plaintiff U.S. Ethernet
Innovations, LLC (USEI) move for leave to file various new or
amended pleadings and to assert additional claims. The Court took
the motions under submission on the papers and now orders as
follows. The Court also modifies the case management schedule.

I. Apple's motion to file a third-party complaint

Apple seeks leave to file a third-party complaint against
third party Oracle America, Inc. for indemnification for the
claims asserted against it by USEI. Apple contends that Oracle's
predecessor-in-interest, Sun Microsystems, supplied the Ethernet
technology that USEI accuses in this lawsuit. Apple has submitted

No. C 10-5254 CW

ORDER GRANTING
APPLE'S MOTION
(Docket No. 685 in
10-3724), GRANTING
SIGMA'S MOTION
(Docket No. 431 in
10-5254), GRANTING
BROADCOM'S MOTION
(Docket No. 714 in
10-3724), GRANTING
IN PART, AND
DENYING IN PART,
USEI'S MOTION
(Docket Nos. 429
in 10-5254 and 711
in 10-3724) AND
MODIFYING THE CASE
MANAGEMENT
SCHEDULE

1 a copy of its proposed pleading. No opposition to the motion has
2 been received. Having reviewed Apple's proposed pleading, the
3 Court GRANTS Apple's motion (Docket No. 685 in 10-3724). Apple
4 shall file its third-party complaint within three days of the date
5 of this Order and shall serve it forthwith.

6 II. Sigma's motion

7 Sigma moves to intervene in Case No. 10-5254. It represents
8 that it designs and sells a chip that includes an Ethernet adapter
9 function used in the manufacture of U-Verse set-top boxes for
10 Defendant AT&T Services, Inc., sued as AT&T Mobility, Inc., an
11 accused product in that case. Sigma has submitted a copy of its
12 proposed pleading. No opposition to the motion has been received.
13 Having reviewed the proposed complaint in intervention, the Court
14 GRANTS Sigma's motion (Docket No. 431 in 10-5254). Sigma shall
15 file its complaint in intervention within three days of the date
16 of this Order and USEI shall respond within twenty-one days
17 thereafter.

18 III. Broadcom's motion

19 Broadcom seeks leave to join Third-Party Parallel Technology,
20 LLC as a Defendant in its complaint in intervention and to file a
21 first amended complaint in intervention and third party complaint.
22 Broadcom has submitted a copy of its proposed amended pleading.
23 USEI opposes Broadcom's motion. It argues that Broadcom's
24 proposed claim for intentional interference with contractual
25 relations against USEI and Parallel is time-barred and that
26 Broadcom has failed to show that Parallel is subject to personal
27 jurisdiction in this district.

28

1 USEI's argument that leave to amend to add Parallel should be
2 denied because the Court lacks personal jurisdiction over Parallel
3 is unavailing. Even if Broadcom had not alleged facts sufficient
4 to make a *prima facie* showing of personal jurisdiction, this
5 defense can be raised only by Parallel, which may instead choose
6 to waive any such defect. See, e.g., Jenkins v. Smead Mfg. Co.
7 2009 WL 3628100, at *3 (S.D. Cal.) (noting that personal
8 jurisdiction represents "a restriction on judicial power not as a
9 matter of sovereignty, but as a matter of individual liberty," and
10 is "waivable by the affected parties," so the defense "cannot be
11 raised on their behalf by anyone else").

12 USEI contends that the intentional interference claim against
13 it is subject to a two year statute of limitations and was not
14 timely because it was not brought within two years of October 9,
15 2009, when USEI filed its initial complaint in this action, or
16 January 19, 2011, when USEI filed its answer and counterclaims
17 against Broadcom. Opp. at 2-3 & n.1.¹ Broadcom replies that the
18 claim against USEI is timely because it relates back to its
19 original complaint in intervention, which was filed on December
20 22, 2010. Reply at 1.

21 Federal Rule of Civil Procedure 15 provides in relevant part
22 that an "amendment to a pleading relates back to the date of the
23 original pleading when . . . the amendment asserts a claim or
24 defense that arose out of the conduct, transaction, or occurrence
25

26 ¹ USEI also asserts that this claim is untimely as asserted
27 against Parallel. The Court declines to consider this issue at
28 this time and instead will consider it only if Parallel chooses to
invoke the defense on its own behalf.

1 set out . . . in the original pleading." Federal Rule of Civil
2 Procedure 15(c)(1)(B). "To determine whether this standard is
3 met, courts 'consider whether the original and amended pleadings
4 share a common core of operative facts so that the adverse party
5 has fair notice of the transaction, occurrence, or conduct called
6 into question.'" Rowe v. Hornblower Fleet, 2012 U.S. Dist. LEXIS
7 164402, at *23 (N.D. Cal.) (quoting Martell v. Trilogy Ltd., 872
8 F.2d 322, 325 (9th Cir. 1989)). "One way to determine whether
9 this standard is met is to 'compare[] the original complaint with
10 the amended complaint and decide[] whether the claim to be added
11 will likely be proved by the same kind of evidence offered in
12 support of the original pleading.'" Id. at *23-24 (quoting Percy
13 v. San Francisco General Hosp., 841 F.2d 975, 978 (9th Cir. 1988))
14 (brackets in original).

15 In Broadcom's original pleading, it alleged that USEI accused
16 its products of being part of computer systems that infringed
17 USEI's patents but that, pursuant to a settlement and license
18 agreement, Broadcom "is licensed to practice one or more of the
19 Asserted Patents." Compl., Docket No. 476, ¶¶ 8-9, 13. It also
20 alleged that it had informed USEI of the license but that USEI
21 stated that its products were not covered by the license. Id. at
22 ¶¶ 15-16. Broadcom sought declaratory judgment that it is
23 licensed to practice the asserted patents and that USEI's
24 infringement claims regarding its products are barred by the
25 license agreement. Id. at ¶¶ 28-35. In its proposed amended
26 pleading, Broadcom relies on the same allegations to assert that
27 USEI's allegations of infringement interfered with its rights
28

1 under the license agreement. Proposed Am. Compl., Docket No.
2 714-2, ¶ 54.

3 The proposed new claim shares a common core of operative
4 facts with the claims that Broadcom previously asserted such that
5 USEI had fair notice of the conduct at issue. The evidence that
6 will be used to prove the new claim is likely to be substantially
7 the same as that relevant to the declaratory judgment claims
8 asserted in the original pleading. Thus, the Court finds that
9 Broadcom's intentional interference claim relates back to its
10 original pleading and is not time-barred as against USEI.

11 Accordingly, the Court GRANTS Broadcom's motion (Docket No.
12 714 in 10-3724). Broadcom shall file its amended pleading within
13 three days of the date of this Order and USEI shall respond within
14 twenty-one days thereafter. Broadcom shall serve Parallel
15 forthwith.

16 IV. USEI's motions

17 USEI moves for leave to assert claims against Third-Party
18 Defendant Silicon Integrated Systems Corporation (SiS), which was
19 recently added to this action after the Court granted the motion
20 of Defendants ASUSTek Computer Inc. and ASUS Computer
21 International to file a third-party complaint against it. USEI
22 also seeks leave to assert claims against Oracle and any other
23 third parties that the Court allows into these related cases.
24 USEI, however, does not state what claims it would like to assert
25 against these parties. Nor has USEI submitted a proposed amended
26 complaint setting forth the claims it seeks to bring against any
27 of these parties. See Civil Local Rule 10-1 ("Any party . . .
28 moving to file an amended pleading must reproduce the entire

1 proposed pleading . . ."). Accordingly, USEI's motion for leave
2 to assert unspecified claims against SiS, Oracle and any other new
3 parties is DENIED. This denial is without prejudice to USEI
4 filing a renewed motion for leave to amend to assert claims
5 against these parties, provided that it attaches its proposed
6 amended pleading to any such motion.

7 USEI also seeks leave to "add the [AT&T] U-verse gateway to
8 this action," in addition to the AT&T U-verse set-top box. Docket
9 No. 429 in 10-5254, 4. USEI represents that it believes that the
10 Gateway product is already at issue in this litigation but that,
11 to the extent that it is not, it seeks leave to add the Gateway
12 product.

13 The Court finds that the Gateway product is not already at
14 issue. AT&T Defendants previously sought to continue to stay the
15 claims against them in the 10-5254 case pending resolution of the
16 claims at issue in the 10-3724 case. In their papers, AT&T
17 Defendants described themselves as "Retailers" and argued that
18 they were end-users who bought, or license and use, Ethernet-
19 enabled computers and printers in their offices and stores. They
20 argued that resolution of the claims involving the Acer Defendants
21 and Intervenors will resolve the claims against them and that
22 therefore the claims against them should remain stayed. USEI
23 opposed staying the claims against AT&T Mobility LLC, asserting
24 that "USEI's infringement contentions include an AT&T U-Verse
25 settop box as an accused product." Thus, it claimed that thus
26 "AT&T Mobility LLC is similarly situated to the Acer Defendants"
27 and that "resolution of the claims against the Acer Defendants and
28 Intervenors will not dispose of USEI's claims against AT&T

1 Mobility LLC with regard to at least its U-Verse settop box."
2 Docket No. 406 in 10-5254, 2-3. USEI identified no other AT&T
3 products. Thereafter, the Court extended the stay as to claims
4 involving AT&T Defendants, except as to AT&T Mobility, LLC to the
5 extent that such claims involved the AT&T U-verse set-top box.

6 Further, the Gateway product was not identified in any
7 infringement contentions properly served by USEI. According to
8 USEI, the U-verse set-top box incorporates an Ethernet adapter
9 provided by Sigma, while the Gateway incorporates an Ethernet
10 adapter provided by Davicom. Mot. at 3 n.3. The Court notes
11 that, in USEI's first amended infringement contentions and
12 attached claim charts, USEI accuses a "device from the Sigma
13 Designs SMP8630 Series . . . for controlling communication between
14 a host system (such as the AT&T U-Verse Set-Top-Box)" but does not
15 identify products that include the Davicom adapter or refer to the
16 U-verse Gateway device. Although USEI states that it later served
17 amended infringement contentions upon AT&T Mobility in March 2012
18 that specifically identified the Gateway as well, USEI did not
19 seek or receive permission to amend its infringement contentions.

20 See Patent Local Rule 3-6 ("Amendment of the Infringement
21 Contentions or the Invalidity Contentions may be made only by
22 order of the Court upon a timely showing of good cause.").

23 In its reply brief, USEI argues for the first time that good
24 cause exists to allow it to amend its infringement contentions to
25 include the Gateway product. However, USEI did not move on this
26 basis in its opening paper and has thus waived the argument for
27 the purposes of this motion. Further, the Court finds that good
28 cause does not exist to permit amendment. Even though it has

1 known for at least a year that it would like to accuse this
2 product, USEI has not acted diligently. As a result that
3 amendment would unduly prejudice AT&T and the manufacturer of the
4 Gateway product and its chip supplier. AT&T has represented that
5 it "purchases the Gateway Product from a third party manufacturer,
6 who incorporates Ethernet chips supplied by another third party."
7 Opp. at 6. Because USEI did not previously seek to amend and has
8 not provided notice to these third parties, they have not had the
9 opportunity to seek to intervene in this action or to participate
10 in the proceedings that have taken place already, including claim
11 construction. Notably, USEI has not attempted to bring these
12 other parties into this action even at this point and has not
13 shown that they are aware that USEI is attempting to accuse their
14 products here. Further, the case schedule requires that
15 Defendants and Intervenors file a dispositive motion addressing
16 certain issues shortly. If the manufacturer and chip supplier
17 were to attempt to join the case at this point, it is unlikely
18 that they would be able to participate in those briefs at all or
19 in a meaningful way.

20 Finally, USEI moves for leave to assert claims against AT&T
21 Services, Inc. In its original complaint filed on March 10, 2010,
22 USEI asserted a claim for patent infringement against AT&T, Inc.
23 Docket No. 1. On May 13, 2010, the Court granted USEI and AT&T,
24 Inc.'s joint motion to substitute AT&T Mobility, LLC in place of
25 AT&T, Inc. and on May 19, 2010, USEI filed an amended complaint
26 substituting AT&T Mobility. Docket Nos. 51, 64. On January 28,
27 2013, AT&T Mobility informed USEI that, with regard to the Sigma
28 chip in the set-top box, AT&T Services is an additional necessary

1 party. Docket No. 429-1. Thereafter, on February 15, 2013, USEI
2 filed a second amended complaint, adding AT&T Services as a
3 Defendant, but did not seek or receive permission from the Court
4 to do so. Docket No. 416. In the instant motion, USEI states
5 that "it is unclear to USEI whether it was necessary to seek leave
6 to assert claims" against AT&T Services. Docket No. 429.

7 Except under limited circumstances not present here, "a party
8 may amend its pleading only with the opposing party's written
9 consent or the court's leave." Federal Rule of Civil Procedure
10 15(a)(2). To the extent that it has the opposing party's written
11 consent, USEI was not required to obtain permission of the Court
12 for this amendment. However, the amendment was to add an
13 additional necessary party regarding the set-top box. This
14 amendment does not provide USEI with permission to expand its
15 infringement contentions to encompass the Gateway product or other
16 products not already accused. Thus, the Court extends the stay in
17 the 10-5254 case to encompass claims against AT&T Services except
18 to the extent that such claims involve the AT&T U-verse set-top
19 box.

20 CONCLUSION

21 For the reasons set forth above, the Court GRANTS Apple's
22 motion (Docket No. 685 in 10-3724), GRANTS Sigma's motion (Docket
23 No. 431 in 10-5254), GRANTS Broadcom's motion (Docket No. 714 in
24 10-3724) and GRANTS in part USEI's motion and DENIES it in part
25 (Docket Nos. 429 in 10-5254 and 711 in 10-3724).

26 The Court also finds good cause to modify the case management
27 schedule as follows:

28

**United States District Court
For the Northern District of California**

1	Deadline for Defendants and Intervenors to file a joint dispositive motion, contained in a single brief of twenty-five pages or less, addressing the application of the marking defense under 35 U.S.C. § 287 and whether recovery is limited to nominal damages if Defendants and Intervenors are able to prove ultimately that the accused features have been disabled for the entire time period for which Plaintiff can pursue damages	Thursday, May 16, 2013
7	Deadline for Plaintiff to file a response, of twenty-five pages or less, to Defendants' and Intervenors' dispositive motion regarding marking and nominal damages	Thursday, May 30, 2013
10	Deadline for Defendants and Intervenors to file a joint reply, in a single brief of fifteen pages or less, in support of their motion regarding marking and nominal damages	Thursday, June 6, 2013
14	Case Management Statement due	Thursday, June 20, 2013
15	Hearing on Defendants' and Intervenors' dispositive motion regarding marking and nominal damages and further case management conference	Thursday, June 27, 2013 at 2:00 p.m.

17 To the extent possible, if Oracle, Parallel, USEI or another party
 18 files a motion to dismiss, they should notice the motion to be
 19 heard on June 27, 2013 concurrently with the dispositive motion
 20 regarding marking and nominal damages and further case management
 21 conference. The hearing on Third Party Defendant SiS's motion to
 22 dismiss (Docket No. 731 in 10-3724) is continued from May 23, 2013
 23 to June 27, 2013 at 2:00 p.m.

24 The remainder of the case management schedule is maintained.

25 IT IS SO ORDERED.

27 Dated: 4/18/2013


 28 CLAUDIA WILKEN
 United States District Judge